



STATE BOARD OF LAND COMMISSIONERS

Dirk Kempthorne, Governor and President of the Board

Pete T. Cenarrusa, Secretary of State

Alan G. Lance, Attorney General

J. D. Williams, State Controller

Marilyn Howard, Superintendent of Public Instruction

Winston A Wiggins, Secretary to the Board

Final Minutes Regular Land Board Meeting February 12, 2002

The regular meeting of the Idaho State Board of Land Commissioners was held on Tuesday, February 12, 2002 in Boise, Idaho. The meeting began at 1:02 p.m. Honorable Dirk Kempthorne presided. The following members were present:

Honorable Secretary of State Pete T. Cenarrusa
Honorable Attorney General Alan G. Lance
Honorable Controller J. D. Williams
Honorable Superintendent of Public Instruction Marilyn Howard

Secretary to the Board Winston A Wiggins

• **CONSENT AGENDA**

Director Wiggins provided background information on the Consent Agenda items.

A motion was made by Attorney General Lance to approve the Consent Agenda in its entirety. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

1. Director's Report – approved

- A. Interest Rate on Departmental Transactions – December 2001, January 2002
- B. Bureau of Minerals Official Transactions – November, December 2001
- C. Bureau of Real Estate, Land Sale Section, Official Transactions – November, December 2001
- D. Bureau of Real Estate, Easement Section, Official Transactions – November, December 2001
- E. Bureau of Range Management and Surface Leasing Official Transactions – December 2001, January 2002
- F. Timber Sale Official Transactions – November 22, 2001 through January 30, 2002
- G. Timber Sale Activity Report – December 2001, January 2002

2. Approve Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

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| A. Hauser Lake | CR-2-0227 | 6,185 MBF |
| B. Thorn Highway | CR-3-0446 | 1,795 MBF |
| C. Anchors Away OSR | CR-3-0459 | 6,545 MBF |
| D. Slide | CR-4-0694 | 3,510 MBF |
| E. Cameron-8 | CR-4-0708 | 2,800 MBF |
| F. Copeland | CR-5-0097 | 4,960 MBF |

3. Qualified Bidders – Timber Sales – Staffed by Bob Helmer, Chief, Bureau of Forest Management – approved

- A. Bennett Forest Industries, Inc., Route 1 Box 2L, Grangeville ID 83530
- B. Kienke Logging, 315 E 2nd Avenue, Post Falls ID 83854

4. Commercial and Residential Lease Agreements – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – approved

DEPARTMENT RECOMMENDATION: That the board approve the standard Commercial Lease Agreement and standard Residential Lease Agreement.

BOARD ACTION: Approved.

5. Request for Approval for Disclaimer of Interest to Don Burton on 0.87 Acres of Accretion Land along the South Fork of the Snake River near Swan Valley in Bonneville County – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – approved

DEPARTMENT RECOMMENDATION: It is recommended that a disclaimer of interest be issued for this parcel of accretion land totaling 0.87 of an acre adjacent to the applicant's deeded property and being part of a former channel of the South Fork of the Snake River. This disclaimer of interest will be issued contingent upon the applicant granting to the State of Idaho a 25.00 foot wide unimproved, public pedestrian easement for approximately 675 feet along the current ordinary high water mark. The recommended fee is \$600.00.

BOARD ACTION: Approved.

6. Request for Approval for Disclaimer of Interest to Jeff Rouleau for 1.96 Acres of Accretion Land along the Kootenai River near Bonners Ferry in Boundary County – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – approved

DEPARTMENT RECOMMENDATION: It is recommended that a disclaimer of interest be issued for this parcel of accretion land totaling 1.96 acres adjacent to the applicant's deeded property and being part of a former channel of the Kootenai River. This disclaimer of interest will be issued contingent upon the applicant granting to the State of Idaho a 25.00 foot wide unimproved, public pedestrian easement for approximately 545 feet along the ordinary high water mark of the current river channel. The recommended fee is \$600.00.

BOARD ACTION: Approved.

7. Request for Approval for Disclaimer of Interest to Charles and Pam Christ for 2.38 Acres of Accretion Land along the Kootenai River near Bonners Ferry in Boundary County – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – approved

DEPARTMENT RECOMMENDATION: It is recommended that a disclaimer of interest be issued for this parcel of accretion land totaling 2.38 acres adjacent to the applicant's deeded property and being part of a former channel of the Kootenai River. This disclaimer of interest will be issued contingent upon the applicant granting to the State of Idaho a 25.00 foot wide unimproved, public pedestrian easement for approximately 460 feet along the ordinary high water mark of the current river channel. The recommended fee is \$600.00.

BOARD ACTION: Approved.

8. Request for Approval for Disclaimer of Interest to Tobin and Jamie Schnuerle for 5.64 Acres of Accretion Land along the Kootenai River near Bonners Ferry in Boundary County – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – **approved**

DEPARTMENT RECOMMENDATION: It is recommended that a disclaimer of interest be issued for this parcel of accretion land totaling 5.64 acres adjacent to the applicant's deeded property and being part of a former channel of the Kootenai River. This disclaimer of interest will be issued contingent upon the applicant granting to the State of Idaho a 25.00 foot wide unimproved, public pedestrian easement for approximately 900 feet along the ordinary high water mark of the current river channel. The recommended fee is \$600.00.

BOARD ACTION: Approved.

9. Request for Approval to Offer a 3.03-Acre Parcel of Agricultural College Endowment Property located in Canyon County for Sale – Staffed by Jay Biladeau, Assistant Director, Lands, Minerals, Range – **approved**

DEPARTMENT RECOMMENDATION: Direct the department to offer the 3.03 acres for sale at public auction with a minimum bid of \$2121.00. Purchaser will also be required to pay appraisal, certificate, deed fees and advertising costs in two (2) newspapers.

BOARD ACTION: Approved.

10. Declaration of Zone of Infestation for Douglas-fir Tussock Moth – Staffed by Ron Litz, Assistant Director, Forestry and Fire – **approved**

DEPARTMENT RECOMMENDATION: Declare a zone of Douglas-fir tussock moth infestation covering the described land.

BOARD ACTION: Approved.

11. Timber Sale Interest Relief – Staffed by Ron Litz, Assistant Director, Forestry and Fire – **approved**

DEPARTMENT RECOMMENDATION: (1) Do not change the current interest policy on state sales at this time. (2) The department should review the other non-interest related suggestions received during this review to determine if those suggestions should be implemented.

BOARD ACTION: Approved.

12. Approval of Minutes – December 11, 2001 Regular Land Board Meeting – **approved**

• **REGULAR AGENDA**

13. Endowment Fund Investment Board Manager's Report – Presented by Charles G. Saums, Manager of Investments and Dr. Nick Hallett, Chairman, Endowment Fund Investment Board

DISCUSSION: Mr. Saums provided a copy of the EFIB auditor's current year comments and recommendations. A written response will be provided at the next Land Board meeting.

Mr. Saums also reported on distributions to the beneficiaries. The first payment to Public Schools for this fiscal year is \$23,800,000. The Pooled Fund will receive a monthly distribution of \$1.8 million. Some moneys will be distributed to the Department of Lands to cover their expenses of approximately

\$4 million. The Endowment is taking \$39,000 for some of their expenses. Approximately \$29 million will be distributed from the Earnings Reserve Fund this month.

Governor Kempthorne asked Controller Williams about GASB-34. Controller Williams stated GASB-34 is a reporting model and is the result of about five years of work between the Governmental Accounting Standards Board and the state financial officials as to how the financial affairs of state government are reported.

Governor Kempthorne commented that it must be incumbent upon all of us to require to the finest detail that these types of requirements, such as GASB-34, are met. The Controller's office would be the first line of defense to make sure that happens. Controller Williams stated GASB-34 brings about a total change. There is more disclosure and it is more readable by the public. Governor Kempthorne stated that it is necessary for the board from time to time to publicly reaffirm that there can absolutely be no cutting of corners. Every detail has to be there in a form that we can understand so that we can continue to make good decisions.

Controller Williams asked Mr. Saums about a report from Sutro regarding passive versus active management costs. Right now we have an active fund management and we pay fees for that. Some states have a totally passive index, like the S&P 500, and the question is does the active management make enough money to justify active management as opposed to totally passive management or semi-totally passive management. Mr. Saums responded that Sutro would provide the requested report at the March 12, 2002 board meeting.

Secretary of State Cenarrusa asked if the Fund is currently at a loss or at a gain. Mr. Saums responded that as of right now it is still a negative return. Dr. Hallett commented that it is important to remember that the markets are down as a whole and it would be expected that the Fund would be down accordingly.

Governor Kempthorne asked if there is anything that the board should be watching in the next quarter. Mr. Saums stated that he can not think of anything right now that would be a problem in the making.

No action was taken on this agenda item.

At 1:15 p.m. a motion was made by Attorney General Lance to resolve into Executive Session. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

- **EXECUTIVE SESSION**

A. To Consider Records that are Exempt from Disclosure as Provided in Chapter 3, Title 9, Idaho Code [Idaho Code § 67-2345(1)(d)]

B. To Consider and Advise Its Legal Representatives in Pending Litigation or Where There is a General Public Awareness of Probable Litigation [Idaho Code § 67-2345(1)(f)]

C. To Consider Personnel Matters [Idaho Code § 67-2345(1)(b)]

At 3:55 p.m. a motion was made by Attorney General Lance to resolve back into Regular Session. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0. No actions were taken by the board during the Executive Session.

There being no further business to come before the board, the meeting adjourned at 3:55 p.m.

IDAHO STATE BOARD OF LAND COMMISSIONERS

/s/ Dirk Kempthorne

President, State Board of Land Commissioners and
Governor of the State of Idaho

/s/ Pete T. Cenarrusa

Pete T. Cenarrusa
Secretary of State

/s/ Winston A Wiggins

Winston A Wiggins
Director

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| <p>The above-listed final minutes were approved by the State Board of Land Commissioners at the March 12, 2002 regular Land Board meeting.</p> |
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